

Message Text

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AMCONSUL GUAYAQUIL

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E.O. 11652: N/A

TAGS: BEXP, EC

SUBJECT: ECUADOR INDUSTRIAL MARKET SURVEY - PHASE I REPORT

REF: (A) USDOC 12197, (B) QUITO 4759

1. EMBASSY IN AGREEMENT WITH 4 OF THE 5 PRODUCT CATEGORIES PROPOSED REFTEL A. PRINTING AND GRAPHIC ARTS AND BUSINESS EQUIPMENT/SYSTEMS ARE DOUBTFUL CANDIDATES GIVEN THE SMALL BASE FROM WHICH THEY ARE STARTING. PRINTING AND GRAPHIC ARTS CAN BE JUSTIFIED SINCE IT IS LARGELY UNTAPPED AND A IN-DEPTH STUDY MAY REVEAL A LARGER MARKET POTENTIAL. THERE IS A LACK OF AGENTS/DISTRIBUTORS OF THIS EQUIPMENT IN ECUADOR.

2. BUSINESS EQUIPMENT/SYSTEMS ALSO BEGINS FROM A SMALL BASE BUT IT IS WELL REPRESENTED IN ECUADOR. AN IN-DEPTH STUDY OF THIS SECTOR WOULD BE A MISALLOCATION OF RESOURCES. EMBASSY WILL CONDUCT A MARKET SURVEY IF REQUIRED. US FIRMS MAY BE RELUCTANT TO PARTICIPATE IN SCHEDULED TRADE PROMOTION EVENT, AS THEY WERE IN THE AUTOMOTIVE DIAGNOSTIC AND REPAIR EQUIPMENT TECHNICAL SALES SEMINAR, EHEN THESIZE OF THE MARKET IS MADE KNOWN TO THEM.

3. EMBASSY RECOMMENDS EARTHMOVING AND MINING MACHINERY BE SUBSTITUTED.

4. IF USDOC IS IN AGREEMENT, PLEASE PASS THE FOLLOWING TELEGRAM TO WILFRED H. WELCH, ACORN PARK, CAMBRIDGE, MASSACHUSETTS.

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5. PHASE I REPORT SUBMITTED BY YOUR FIRM GENERALLY ACCEPTABLE BUT SOME CHANGES MUST BE MADE. PLEASE UNDERTAKE DETAILED PHASE II STUDIES ON FOLLOWING PRODUCT CATEGORIES AND IN FOLLOWING ORDER:

- A. METALWORKING AND FINISHING EQUIPMENT
- B. PRINTING AND GRAPHIC ARTS
- C. BUILDING AND CONSTRUCTION MACHINERY AND EQUIPMENT
- D. ELECTRICITY GENERATING AND SWITCHING EQUIPMENT
- E. EARTHMOVING AND MINING MACHINERY

6. POST HAS ALREADY CONTRACTED A MARKET SURVEY FOR FOOD PROCESSING AND PACKAGING EQUIPMENT. COMMUNICATIONS EQUIPMENT AND SYSTEMS IS NOT CONSIDERED TO HAVE THE GREATEST INCREMENTAL SALES POTENTIAL SINCE THE GOVERNMENT OF ECUADOR HAS CONTRACTED FOR INSTALLATION OF MAJOR TELECOMMUNICATIONS SYSTEM FOR COUNTRY. IT IS COMMITTED TO US EQUIPMENT IN SOME MAJOR AREAS BY VIRTUE OF LARGE INVESTMENTS IN US EQUIPMENT FOR TWO COLOR TV STATIONS AND SATELLITE STATION.

7. US DEPARTMENT OF COMMERCE HAS SCHEDULED TRADE PROMOTION EVENTS FOR FIRST TWO CATEGORIES FOR FY 1976. EARTHMOVING AND MINING MACHINERY HAS GREAT INCREMENTAL SALES POTENTIAL SINCE EARTHMOVING EQUIPMENT WILL BE USED IN HYDROELECTRIFICATION, AGRICULTURAL, AND ROAD CONSTRUCTION PROJECTS. MANY TYPES OF EARTHMOVING EQUIPMENT IN USE IN THE US ARE NOT KNOWN OR USED IN ECUADOR.

BREWSTER

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